

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Jon Pickstone, Strategic Director for Economy

Date: 21/07/2022 (CAB 29/06/2022)

Subject: Procurement Strategy and Direct Award of contract to provide consultancy support for various schemes within the Housing Capital Programme

Report author: Vince Conway, Senior Programme Manager, Capital Delivery

Summary

This report seeks approval of a procurement strategy and direct award of a contract for the provision of multi-disciplinary consultancy services necessary to deliver a range of projects forming part of the housing capital programme.

The contract will be procured via the South East Consortium (`SEC`), a third-party consortium established in 2005 to achieve procurement savings for social housing providers.

Recommendations

The Strategic Director of Economy in consultation with the Cabinet Member for Housing and Homelessness:

1. Approves that Appendix 1 of this report is currently exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
2. Approves the procurement strategy proposing the use of the South East Consortium Consultancy Framework direct award procedure for the provision of multi-disciplinary services to enable the delivery of projects outlined in Appendix 1.
3. Approves the award of a contract to John Rowan and Partners (JRP) under the South East Consortium Consultancy Framework flexible direct award procedure for the provision of multi-disciplinary services to enable the delivery of projects outlined in Appendix 1.
4. Notes that the estimated fees detailed in Appendix 1 will be recalculated based on the total contract value and service proposal for

each project and will be detailed in individual works contract award reports.

Wards Affected: Avonmore, Ravenscourt, West Kensington, White City, Wormholt

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The consultants will play a critical part in improving and maintaining the standard of council homes. Housing is a prime influence on quality of life, life expectancy, opportunities for work, education, leisure etc. It is critical to economic development, educational achievement, public health, community cohesion.
Creating a compassionate council	Investment in social housing enables the council to fulfil its landlord function and provide good-quality homes to local people that are safe, secure and genuinely affordable.
Doing things with local residents, not to them	Residents will be fully consulted during the preparation of schemes, their progression to site, and final delivery. The expertise of the appointed consultant will be integral to ensuring residents are properly informed about decisions affecting their homes and, where necessary, specific feasibilities and impact assessments will be undertaken. The consultation will continue post-procurement to include site set-up arrangements and further information on the delivery stage. Residents will be balloted to confirm preferred door styles and communal redecorations.
Being ruthlessly financially efficient	The proposed consultants have achieved a high ranking, for both quality and costs, on the SEC's multi-disciplinary framework following an OJEU-compliant tender process. They will provide robust contract management and cost control to ensure

	schemes achieve quality standards and demonstrate value for money.
Taking pride in H&F	The consultants will be integral to the assessment of each project's environmental impact including reviewing contractors' approach to energy consumption, use of sustainable materials, transport plan, site waste management, and noise pollution.
Rising to the challenge of the climate and ecological emergency	JRP will scope out works incorporating carbon reduction and energy efficiency initiatives where feasible and cost-effective. This will assist in establishing a roadmap to Net Zero Carbon by the council's 2030 target

Financial Impact

As outlined in Appendix 1, the proposed estimated award value of £1,050,000 of consultancy fees is in respect of estimated capital works worth of £17.25m (6% of the value of capital works). The cost of the consultancy will be met by uncommitted balances within the Climate Emergency and Other Future Works budget, apportioned over the 2022/23, 2023/23 and 2024/25 financial years as shown below

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Climate Emergency Works Allocated Budget	2022/23	2023/24	2024/25	2025/26	Total
JRP Consultants	600,000.00	350,000.00	100,000.00		1,050,000.00
					-
					-
					-
Total Commitments	600,000.00	350,000.00	100,000.00	-	1,050,000.00
Total Budget	3,000,000.00	15,280,000.00	14,160,000.00	17,160,000.00	49,600,000.00
Unallocated	2,400,000.00	14,930,000.00	14,060,000.00	17,160,000.00	

Based on the specification set out in section 7, it is expected that the consultancy costs will be capital in nature. However, should feasibility work carried out by the consultant be carried out on projects which are ultimately aborted, the associated costs will fall to revenue. In this case, as there's no separate provision for feasibility costs within the Residents and Building Safety divisions and given there are insufficient reserves within the HRA to absorb any significant unfunded pressures, any revenue costs will need to be met through identifying and delivering revenue savings.

A Credit Safe Report was run for John Rowan & Partners LLP on 13/06/2022, which provided a risk score of 56, above the Council's minimum requirement of 50. However, the annual contract limit of £105k is not sufficient for the value of this procurement. A copy of John Rowan & Partner's published accounts for 2021.22 was requested for further analysis. The report provided an annual turnover figure of

£7.605m which equates to revised contract limit of £2.555m, sufficient to cover the award requested in this report.

To further mitigate risk to the Council, invoices will also be paid in arrears, only after completion of work to a satisfactory standard.

Finance implications completed by Llywelyn Jonas, Principal Accountant – Housing Capital; Danny Rochford, Head of Finance (Economy & Housing Revenue Account)
23 June 2022

Verified by: Emily Hill, Director of Finance, dated 23/06/2022

Legal Implications

Legal Implications

The Council needs to procure consultants to undertake this work in order to deliver its capital programme.

These are public services contracts for the purposes of the Public Contracts Regulations 2015 (PCR) and therefore the advertising and competition requirements of those regulations need to be complied with. The SEC framework was procured in accordance with the PCR and the Council is entitled to use it.

This is a high value contract for the purposes of the Council's Contract Standing Orders. The use of a suitable third party framework is a compliant means of procuring a contract of this value under CSO 18.

Implications prepared by John Sharland, Senior solicitor (Contracts and procurement)

Dated 16 June 2022

Background Papers Used in Preparing This Report – None

DETAILED ANALYSIS

Background

1. The Council's Asset Management Compliance Strategy and Capital Programme approved in July 2020 set out a large programme of works primarily focused on health and safety compliance and mainly targeting higher risk properties. The 12 year Investment Plan approved by Cabinet in September extends this compliance-based approach across all the stock but also includes major element renewals and carbon reduction measures to ensure the safety and integrity of homes for the longer term.

2. External consultancy support is required to lead on the preparation of projects - including detailed feasibilities where required - and their day-to-day management, co-ordinating the various aspects of each phase from design through to completion.
3. Whilst a separate tender process is underway for the council to set up its own consultancy framework it is still some way from being established. In the meantime priority schemes need to be initiated and scoping needs to start promptly to enable delivery on site during 2023/24.
4. It is therefore proposed to secure external consultancy services via the South East Consortium, a third party framework. The SEC is a not for profit organisation established in 2005 to achieve procurement savings for social housing providers and other public services. The SEC has established a series of frameworks to cover various works and support services and the council, as a full member, has accessed these to successfully deliver a number of housing capital programme projects since 2019.

Reasons for Decision

5. A decision is required to secure a supplier to provide multi-disciplinary consultancy services to support the delivery of various projects forming part of the housing capital programme.
6. This procurement strategy and award report is submitted for approval by the Strategic Director for Economy, in consultation with the Cabinet Member for Housing, in accordance with paragraphs 18 and 21 of Contract Standing Orders (`CSOs`).

Contract Specifications Summary

7. The proposed contract will cover a range of disciplines including but not limited to:
 - Employers Agent
 - Building surveying and architect services
 - Planning and building control compliance
 - Quantity Surveying
 - Principal designer
 - Project management and contract administration
 - PAS 2035 assessments
8. The consultancy support will be required throughout the duration of each works contract and for a further year post-contract to cover the defects liability period.
9. The form of contract, or contracts, will be the JCT Consultancy Agreement (2016) incorporating agreed framework rates based on the services required for individual schemes.

Procurement Route Analysis of Options

10. A number of options have been considered:
11. Option 1 – Do Nothing. This is not an option as priority schemes need to be progressed to site and thereafter managed effectively.
12. Option 2 – Carry out a full tendering exercise. A new procurement would be a very long and resource-intensive process. It would also overlap with the procurement of the council's own consultancy framework with the same pool of suppliers submitting bids.
13. Option 3 – Carry out a mini-competition under an existing framework. Whilst this option would provide a suite of pre-qualified suppliers it would not significantly shorten the tender process, most of the effort going into establishing selection criteria and evaluating bids. As with Option 2, the same pool of suppliers would need to submit bids.
14. Option 4 – Call off from an existing framework using a direct award process. This is the preferred option. This is the preferred option due to the need to get the various projects prepared for a start on site in 2023. The SEC's consultancy framework allows a flexible direct award whereby clients can appoint any consultant regardless of rank. Nonetheless, John Rowan and Partners are second-ranked on the multi-disciplinary lot and have a good track record of delivery in Hammersmith and Fulham over many years. JRP are also currently managing the Linacre Court resident hall project and have developed a good relationship with the TRA there which can be carried forward to the proposed major refurbishment.

Market Analysis, Local Economy and Social Value

15. The market for construction consultancy firms is well developed and the council has experience of dealing with many different suppliers over the years.
16. JRP will be required to complete a Social Value Themes Outcomes and Measures matrix for each commission proposed under this award. As much as possible these will be directed towards the estates or localities where work is taking place. Appropriate social value clauses are included in the contract, so that the council can enforce its right to compensation if social value commitments are not delivered.
17. JRP will be required to register on Social Value Portal and pay the Social Value Portal management fee for the term of the contract.

Risk Assessment and Proposed Mitigations

18. Directly awarding a number of projects to a single supplier carries the risk that a failure in performance becomes far-reaching. However, JRP have demonstrated previously that they can adequately resource a large programme

of works encompassing various projects. Further, the projects will be released on a phased basis and subject to satisfactory performance.

19. The proposed establishment of the council's own consultancy framework means this arrangement will be an interim one and future workloads are expected to be more widely distributed.

Timetable

20. Please include an estimated timetable of the competition process through to contact commencing.

Key Decision Entry (Strategy and Direct Award)	27 May 2022
Contracts Assurance Board (Strategy and Direct Award)	29 June 2022
Strategic Director Sign off (Strategy and Direct Award)	30 June 2022
Find a Tender Service Notice	N/A
Closing date for clarifications	N/A
Closing date for submissions	N/A
Evaluation of Tenders	N/A
Key Decision Entry (Award)	N/A
CAB (Award)	N/A
SLT/Cabinet Member (Award)	N/A
Find a Tender Service Contract Award Notice	
Contract engrossment	July 2022
Contract mobilisation and implementation	July 2022
Contract Commencement date	July 2022

Selection and Award Criteria

21. The SEC is a not for profit organisation established in 2005 to achieve procurement savings for social housing providers and other public services. Hammersmith and Fulham Council is a full member. The SEC has established a series of frameworks to give members compliant access to a range of consultancy services .
22. In 2020 the SEC undertook the re-procurement of its consultancy services framework under OJEU Ref: 2020/S 124 331370. The framework was awarded 08/02/2021 and expires 07/02/2025

23. The framework established twelve Lots including one for multi-disciplinary services covering all aspects of construction projects from inception to completion. These services typically include but are not limited to:
- Project management and contract administration
 - Quantity surveying
 - Principal designer
 - Building and Architect services
 - Planning and building control compliance
24. Expressions of interest were received by SEC from 310 suppliers with 185 bids received across the twelve Lots. Following assessment of the Pre-Qualification Questionnaire, a total of 73 were shortlisted for Invitation to Tender.
25. A tender evaluation process was undertaken by SEC using the principle of Most Economically Advantageous Tender (MEAT). A minimum of eight and maximum of ten suppliers were awarded places on each SEC Lot and ranked based on scores achieved using a criteria of 40% price and 60% quality.
26. For Lot 11, multi-disciplinary services, JRP were second ranked, achieving high scores for both quality and price.

RANKING	TENDERER	TOTAL WEIGHTED SCORE
1	Supplier 1	100.0
2	JRP	77.42
3	Supplier 3	65.80
4	Supplier 4	64.97
5	Supplier 5	59.28
6	Supplier 6	56.47
7	Supplier 7	54.95
8	Supplier 8	54.13

27. There are two ways to use this SEC framework; direct call-off or mini-competition. The direct call-off method is used where there is an immediate need for a compliant contract and this is considered both appropriate and necessary in this instance.
28. Officers have reviewed the fee percentages included in JRP's tender and consider them to be competitive compared to similar services provided on historic contracts. An initial non-committal meeting with JRP has provided assurance that they fully understand what will be required to the projects and will be able to adequately resource them. However, the projects at Appendix 1 will be instructed on a phased basis and subject to satisfactory performance.

Contract Management

29. The Assistant Director, Building and resident safety, is the strategic lead for the housing capital programme. The Head of Capital Delivery will manage the operational team overseeing the appointed consultants and contractors.
30. JRP will assume the role of contract administrator for each works contract and will be responsible for issuing all instructions, variations, notices etc. to contractors. Their appointed Quantity Surveyor will provide cost control and valuation of works.
31. A suite of KPIs will be agreed with the council and used to monitor, measure and report on the performance of both consultants and contractors. Example KPIs specific to the consultancy support will include:
 - Time to produce pre-construction cost information
 - Predictability of cost
 - Time to complete scope of works and outline specification
 - Time to complete final account
 - Time to produce health and safety files
 - Client satisfaction

Equality Implications

32. The annual housing capital programme seeks to ensure that the Council can continue to provide social rented homes of a good standard; fulfil the Council's statutory obligations as a social housing provider; protect the health, safety and well-being of residents; and preserve the integrity of the housing stock.
33. The schemes detailed in Appendix 1 comprise various maintenance, refurbishment and improvement works and, generally, works are considered to have a positive impact on all residents including protected groups. Where major works may have temporary negative impacts, the Council will consider mitigating actions, for example decanting vulnerable residents for the duration of works.

Risk Management Implications

34. Officers will ensure that the work undertaken by JRP is appropriately monitored and reviewed in line with the contract.
35. JRP will record risk using a register which will be further reviewed by Council Officers and amended as necessary to meet the council's specific requirements. As a minimum the risk register will clearly identify:
 - Significant risks (both strategic and operational)

- Affected parties
 - Probability rating (ranked 1 to 5, very low to very high)
 - Impact rating (ranked 1 to 5, very low to very high)
 - Risk rating (probability x impact)
 - Action plan (mitigation measures)
 - Risk owner
 - Action Date
36. JRP will take responsibility for logging the project risks, assigning ownership and action for reducing the risk, and for monitoring the action status. The Risk Register will be reviewed by the Client on a monthly basis, and form part of regular project team meetings. Residual risk ratings should therefore reduce over time where mitigation measures have been implemented effectively. Where necessary, risks will be escalated to the Assistant Director, Building and resident safety and Head of Capital Delivery ahead of regular monthly meetings.
37. From a health and safety perspective and as Principal Designers, JRP will carry out Design Risk Appraisals with each discipline within the project team in order to identify and manage and potential risks associated with each project.

Implications verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 15 June 2022

Climate and Ecological Emergency Implications

38. JRP will scope out works to the council's existing residential buildings providing carbon reduction and energy efficiency advice and can assist in establishing a roadmap to Net Zero Carbon by the council's 2030 target. They will provide, as required, in-house PAS 2035 assessors and co-ordinators with experience in full house retrofit and refurbishment projects with carbon reduction in mind.

Implications verified by: Hinesh Mehta, Strategic Lead – Climate Emergency, 13 June 2022

Local Economy and Social Value Implications

39. Regarding the strategy element of this report, the *Market Analysis, Local Economy and Social Value* part of the report should commit to committing contractors given a direct award to deliver social value measures to a proxy value of at least 10% of their overall contract value.
40. Regarding the award element of this report, the contract for JRP should commit the contractor to deliver at least 10% of the value of the contract in proxy social value contributions. JRP will be required to set targets for measures on the Social Value Portal for effective monitoring and will be responsible to pay the relevant fee. Contract managers will need to work with the Council's Social Value Officer to develop a delivery plan for these measures with the

contractor. (As much as possible, this delivery plan may be directed towards the estates being worked on.)

41. It is recommended that the commissioner will work closely with Legal to ensure appropriate social value clauses are included in the contract so that the Council can enforce its right to compensation if social value commitments are not delivered.

Implications verified by: Paul Clarke, S106 Officer, Economic Development, 27 May 2022

Consultation

42. There have been, and will continue to be, various consultation events and communications with residents affected by the proposed schemes. JRP have extensive experience in social housing construction projects, including in Hammersmith and Fulham, and are fully briefed with the specific requirements of the Council's resident communications plan.

Digital Services and Information Management Implications

43. IT Implications: No IT implications are considered to arise from the proposal in this report. Should this change, Digital Services should be consulted.
44. IM Implications: A Data Privacy Impact Assessment will need to be completed to ensure all potential data protection risks arising from this proposal are properly assessed with mitigating actions agreed and implemented.
45. Suppliers appointed as a result of this report will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training. Suppliers will also need to complete a (Cloud) Supplier Security Questionnaire.
46. Any contracts arising from this report will need to include H&F's data protection and processing schedule which is compliant with Data Protection law.

Implications completed by: Karen Barry, Strategic Relationship Manager, IT Services, 13 June 2022

List of Appendices

Appendix 1 – List of proposed schemes and estimated fees